NYSE Euronext
Form 10-Q
May 04, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

þ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2012

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE TRANSITION PERIOD FROM _________ TO _________.

COMMISSION FILE NUMBER 001-33392

NYSE Euronext

(Exact name of registrant as specified in its charter)

DELAWARE	**20-5110848**
(State or other jurisdiction of	**(I.R.S. Employer**
incorporation or organization)	**Identification Number)**

11 Wall Street

New York, New York 10005

(Address of principal executive offices) (Zip Code)

(212) 656-3000

Registrant s Telephone Number, Including Area Code

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of accelerated filer, large accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer þ	Accelerated filer ¨	Non-accelerated filer ¨	Smaller reporting company ¨
		(Do not check if a smaller reporting company)	

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No þ

As of May 4, 2012, the registrant had approximately 254 million shares of common stock, $0.01 par value per share, outstanding.

CERTAIN TERMS

In this Quarterly Report on Form 10-Q, *NYSE Euronext*, *we*, *us*, and *our* refer to NYSE Euronext, a Delaware corporation, and its subsidiaries, except where the context requires otherwise.

Archipelago®, Archipelago Exchange®, Euronext®, NYSE®, NYSE Blue™, NYSE Liffe®, Pacific Exchange® and SFTI®, among others, are trademarks or service marks of NYSE Euronext or its licensees or licensors with all rights reserved.

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All other trademarks and service marks used herein are the property of their respective owners.

Unless otherwise specified or the context otherwise requires:

NYSE refers to (1) prior to the completion of the merger between the New York Stock Exchange, Inc. and Archipelago Holdings, Inc. (*Archipelago*), which occurred on March 7, 2006, New York Stock Exchange, Inc., a New York Type A not-for-profit corporation, and (2) after completion of the merger, New York Stock Exchange LLC, a New York limited liability company, and, where the context requires, its subsidiaries, NYSE Market, Inc., a Delaware corporation, and NYSE Regulation, Inc., a New York not-for-profit corporation. New York Stock Exchange LLC is registered with the U.S. Securities and Exchange Commission (the *SEC*) under the U.S. Securities Exchange Act of 1934 (the *Exchange Act*) as a national securities exchange.

NYSE Arca refers collectively to NYSE Arca, L.L.C., a Delaware limited liability company (formerly known as Archipelago Exchange, L.L.C.), NYSE Arca, Inc., a Delaware corporation (formerly known as the Pacific Exchange, Inc.), and NYSE Arca Equities, Inc., a Delaware corporation (formerly known as PCX Equities, Inc.). NYSE Arca, Inc. is registered with the SEC under the Exchange Act as a national securities exchange.

NYSE Amex refers to NYSE Amex LLC, a Delaware limited liability company (formerly known as the American Stock Exchange LLC). NYSE Amex LLC is registered with the SEC under the Exchange Act as a national securities exchange.

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains statements that may constitute forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. In some cases, you can identify these statements by forward-looking words such as may, might, will, should, expect, plan, anticipate, believe, estimate, predict, potential or continue, and the negat other comparable terminology. These forward-looking statements, which are subject to known and unknown risks, uncertainties and assumptions about us, may include projections of our future financial performance based on our growth strategies and anticipated trends in our business and industry. These statements are only predictions based on our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements. In particular, you should consider the risks and uncertainties described under Risk Factors in Part I, Item 1A of our Annual Report on Form 10-K filed for the year ended December 31, 2011, and any additional risks and uncertainties described in our subsequent Quarterly Reports on Form 10-Q.

These risks and uncertainties are not exhaustive. Other sections of this report describe additional factors that could adversely impact our business and financial performance. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible to predict all risks and uncertainties, nor can we assess the impact that these factors will have on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy or completeness of any of these forward-looking statements. You should not rely upon forward-looking statements as predictions of future events. We are under no duty to update any of these forward-looking statements after the date of this report to conform our prior statements to actual results or revised expectations and we do not intend to do so.

Forward-looking statements include, but are not limited to, statements about:

- possible or assumed future results of operations and operating cash flows;
- strategies and investment policies;
- financing plans and the availability of capital;
- our competitive position and environment;
- potential growth opportunities available to us;
- the risks associated with potential acquisitions, alliances or combinations;
- the recruitment and retention of officers and employees;
- expected levels of compensation;
- potential operating performance, achievements, productivity improvements, efficiency and cost reduction efforts;

- the likelihood of success and impact of litigation;
- protection or enforcement of intellectual property rights;
- expectations with respect to financial markets, industry trends and general economic conditions;
- our ability to keep up with rapid technological change;
- the timing and results of our technology initiatives;
- the effects of competition; and
- the impact of future legislation and regulatory changes.

We caution you not to place undue reliance on the forward-looking statements, which speak only as of the date of this report. We expressly qualify in their entirety all forward-looking statements attributable to us or any person acting on our behalf by the cautionary statements referred to above.

Item 1. Financial Statements

NYSE EURONEXT

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

(In millions, except per share data)

(Unaudited)

	March 31, 2012	December 31, 2011
Assets		
Current assets:		
Cash and cash equivalents	$ 369	$ 396
Financial investments	32	36
Accounts receivable, net	528	497
Deferred income taxes	67	108
Other current assets	153	152
Total current assets	1,149	1,189
Property and equipment, net	965	963
Goodwill	4,144	4,027
Other intangible assets, net	5,827	5,697
Deferred income taxes	544	594
Other assets	666	637
Total assets	$ 13,295	$ 13,107
Liabilities and equity		
Current liabilities:		
Accounts payable and accrued expenses	$ 627	$ 836
Related party payable	40	40
Section 31 fees payable	67	116
Deferred revenue	393	130
Short term debt	66	39
Deferred income taxes	21	23
Total current liabilities	1,214	1,184
Long term debt	2,074	2,036
Deferred income taxes	1,930	1,900
Accrued employee benefits	589	620
Deferred revenue	377	371
Related party payable	38	37
Other liabilities	25	26
Total liabilities	6,247	6,174
Commitments and contingencies		
Redeemable noncontrolling interest	303	295
Equity		
NYSE Euronext stockholders equity:		
Common stock, $0.01 par value, 800 shares authorized; 278 and 277 shares issued; 255 and 258 shares outstanding	3	3

Common stock held in treasury, at cost; 23 and 19 shares	(643)	(516)
Additional paid-in capital	7,979	7,982
Retained earnings	528	518
Accumulated other comprehensive loss	(1,181)	(1,406)
Total NYSE Euronext stockholders equity	6,686	6,581
Noncontrolling interest	59	57
Total equity	6,745	6,638
Total liabilities and equity	$ 13,295	$ 13,107

The accompanying notes are an integral part of these condensed consolidated financial statements.

NYSE EURONEXT

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except per share data)

(Unaudited)

	Three months ended March 31, 2012	Three months ended March 31, 2011
Revenues		
Transaction and clearing fees	$ 609	$ 815
Market data	91	96
Listing	110	109
Technology services	86	82
Other revenues	56	46
Total revenues	952	1,148
Transaction-based expenses:		
Section 31 fees	66	89
Liquidity payments, routing and clearing	285	380
Total revenues, less transaction-based expenses	601	679
Other operating expenses:		
Compensation	160	161
Depreciation and amortization	66	70
Systems and communications	45	52
Professional services	73	69
Selling, general and administrative	61	63
Merger expenses and exit costs	31	21
Total other operating expenses	436	436
Operating income	**165**	**243**
Interest expense	(29)	(30)
Investment income	1	1
Loss from associates	(1)	(1)
Income before income taxes	136	213
Income tax provision	(45)	(62)
Net income	**91**	**151**
Net (income) loss attributable to noncontrolling interest	(4)	4
Net income attributable to NYSE Euronext	**$ 87**	**$ 155**
Basic earnings per share attributable to NYSE Euronext	$ 0.34	$ 0.59
Diluted earnings per share attributable to NYSE Euronext	$ 0.34	$ 0.59

The accompanying notes are an integral part of these condensed consolidated financial statements.

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NYSE EURONEXT

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In millions)

(Unaudited)

	Three months ended March 31, 2012	2011
Net income	**$ 91**	**$ 151**
Foreign currency translation, after impact of net investment hedge gain (loss) of ($2) and $1 and taxes of $1 and $0, respectively	210	309
Change in market value adjustments of available-for-sale securities, net of taxes of $(6) and $(1)	13	2
Employee benefit plan adjustments:		
Net (losses) gains, net of taxes of $(2) and $0	2	
Total comprehensive income	316	462
Less: comprehensive loss attributable to noncontrolling interest	4	2
Comprehensive income attributable to NYSE Euronext	**$ 320**	**$ 464**

The accompanying notes are an integral part of these condensed consolidated financial statements.

NYSE EURONEXT

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)

(Unaudited)

	Three months ended March 31, 2012	Three months ended March 31, 2011
Cash flows from operating activities:		
Net income	$ 91	$ 151
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	66	72
Deferred income taxes	77	(20)
Deferred revenue amortization	(23)	(23)
Stock-based compensation	13	10
Other non-cash items	1	4
Change in operating assets and liabilities:		
Accounts receivable, net	(27)	(36)
Other assets	(35)	(43)
Accounts payable, accrued expenses, and Section 31 fees payable	(217)	(54)
Related party payable		
Deferred revenue	286	248
Accrued employee benefits	(32)	(45)
Net cash provided by operating activities	200	264
Cash flows from investing activities:		
Sales of short term financial investments	272	245
Purchases of short term financial investments	(267)	(235)
Purchases of equity investments and businesses, net of cash acquired	(28)	(2)
Net proceeds from disposition of asset held-for-sale		34
Purchases of property and equipment	(43)	(35)
Other investing activities	25	(25)
Net cash used in investing activities	(41)	(18)
Cash flows from financing activities:		
Commercial paper (repayments) borrowings, net		(209)
Dividends to shareholders	(77)	(78)
Purchases of treasury stock	(127)	
Employee stock transactions and other	(11)	(5)
Net cash used in financing activities	(215)	(292)
Effects of exchange rate changes on cash and cash equivalents	29	28
Net decrease in cash and cash equivalents for the period	(27)	(18)
Cash and cash equivalents at beginning of period	396	327
Cash and cash equivalents at end of period	$ 369	$ 309
Non-cash investing and financing activities:		
Acquisition of APX	$	$ 40

The accompanying notes are an integral part of these condensed consolidated financial statements.

NYSE EURONEXT

Notes to Condensed Consolidated Financial Statements

Note 1 Organization and Basis of Presentation

Organization

NYSE Euronext is a holding company that, through its subsidiaries, operates the following securities exchanges: the New York Stock Exchange (NYSE), NYSE Arca, Inc. (NYSE Arca) and NYSE Amex LLC (NYSE Amex) in the United States and the European-based exchanges that comprise Euronext N.V. (Euronext) the Paris, Amsterdam, Brussels and Lisbon stock exchanges, as well as the derivatives markets in London, Paris, Amsterdam, Brussels and Lisbon (collectively, NYSE Liffe) and the United States futures market, NYSE Liffe US, LLC (NYSE Liffe US). NYSE Euronext is a global provider of securities listing, trading, market data products, and software and technology services. NYSE Euronext was formed in connection with the April 4, 2007 combination of NYSE Group (which was formed in connection with the March 7, 2006 merger of the NYSE and Archipelago) and Euronext. NYSE Euronext common stock is dually listed on the NYSE and Euronext Paris under the symbol NYX.

Basis of Presentation

The accompanying condensed unaudited consolidated financial statements include the accounts of NYSE Euronext and its subsidiaries.

The accompanying condensed unaudited consolidated financial statements are prepared in accordance with accounting principles generally accepted in the U.S. (U.S. GAAP) and reflect all adjustments, consisting of normal recurring adjustments, that are, in the opinion of management, necessary for a fair statement of the results for the period. All material intercompany accounts and transactions have been eliminated in consolidation. Certain information and footnote disclosures normally required in financial statements under U.S. GAAP, have been condensed or omitted; however, management believes that the disclosures are adequate to make the information presented not misleading.

The preparation of these condensed unaudited consolidated financial statements, in conformity with U.S. GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could be materially different from these estimates. Certain prior period amounts have been reclassified to conform to the current period s presentation.

The condensed consolidated financial statements are unaudited and should be read in conjunction with the audited financial statements of NYSE Euronext as of and for the year ended December 31, 2011. Operating results for the three months ended March 31, 2012 are not necessarily indicative of the results that may be expected for the year ending December 31, 2012.

Note 2 Strategic Investments and Divestitures

Terminated Business Combination

On February 15, 2011, we entered into a Business Combination Agreement (the Business Combination Agreement) with Deutsche Börse AG (Deutsche Börse), pursuant to which the two companies agreed to combine their respective businesses and become subsidiaries of a newly formed Dutch holding company (the Proposed Business Combination). Completion of the Proposed Business Combination was subject to the satisfaction of several conditions, including, among others, approvals by the relevant competition and financial, securities and other regulatory authorities in the United States and Europe.

On February 1, 2012, the EU Competition Commission issued a formal decision disapproving the Proposed Business Combination. In light of the EU Commission s decision, on February 2, 2012, NYSE Euronext and Deutsche Börse announced that they mutually agreed to terminate the Business Combination Agreement.

Fixnetix

On March 7, 2012, NYSE Euronext acquired approximately 25% of the outstanding shares in Fixnetix Limited, a leading service provider of ultra-low latency data provision, co-location, trading services and risk controls for more than 50 markets worldwide.

Metabit

On September 1, 2011, NYSE Euronext completed the acquisition of Metabit, a leading Tokyo-based provider of high performance market access products with a trading community of more than 140 trading firms throughout Asia.

NYSE Amex Options

On June 29, 2011, NYSE Euronext completed the sale of a significant equity interest in NYSE Amex Options, one of our two U.S. options exchanges, to seven external investors, Bank of America Merrill Lynch, Barclays Capital, Citadel Securities, Citi, Goldman Sachs, TD AMERITRADE and UBS. NYSE Euronext remains the largest shareholder in the entity and manages the day-to-day operations of NYSE Amex Options, which operates under the supervision of a separate board of directors and a dedicated chief executive officer. NYSE Euronext consolidates this entity for financial reporting purposes.

As part of the agreement, the external investors have received an equity instrument which is tied to their individual contribution to the options exchange s success. Under the terms of the agreement, the external investors have the option to require NYSE Euronext to repurchase a portion of the instruments on an annual basis over the course of five years starting in 2011. The amount NYSE Euronext is required to purchase under this arrangement is capped each year at between 5% and 15% of the total outstanding shares of NYSE Amex Options. On September 16, 2011, the external investors put back approximately 5% of the total outstanding shares of NYSE Amex Options to NYSE Euronext. NYSE Euronext recognized the full redemption value, i.e. fair value, of this instrument as mezzanine equity and classified the related balance as Redeemable noncontrolling interest in the condensed consolidated statement of financial condition as of March 31, 2012.

NYSE Blue™

On February 18, 2011, we formed NYSE Blue through the combination of APX, Inc. and our 60% stake in BlueNext SA (BlueNext), with NYSE Euronext as the majority owner of NYSE Blue. NYSE Blue, through these companies, provided, among other things, infrastructure and services to environmental sponsors and market participants as well as its registry services for renewable energy in the United States and voluntary carbon credits worldwide. On April 5, 2012, NYSE Blue was unwound, resulting in NYSE Euronext taking back ownership of its 60% stake in Bluenext and relinquishing its interest in APX, Inc. Prior to the completion of this unwind, NYSE Euronext consolidated the results of operations and financial condition of NYSE Blue (which included the results of BlueNext and APX, Inc.). Following this unwind, NYSE Euronext will consolidate the results of operations and financial condition of BlueNext.

Note 3 Restructuring

Severance Costs

As a result of streamlining certain business processes, NYSE Euronext has launched various voluntary and involuntary severance plans in the U.S. and Europe. The following is a summary of the severance charges recognized in connection with these plans, utilization of the accrual through March 31, 2012 and the remaining accrual as of March 31, 2012 (in millions):

	Derivatives	Cash Trading and Listings	Information Services and Technology Solutions	Corporate/ Eliminations	Total
Balance as of December 31, 2011	$	$ 5	$ 2	$ 1	$ 8
Employee severance and related benefits		5	4		9
Severance and benefit payments		(1)	(1)		(2)
Balance as of March 31, 2012	$	$ 9	$ 5	$ 1	$ 15

The severance charges are included in merger expenses and exit costs in the condensed consolidated statements of operations. Based on current severance dates and the accrued severance at March 31, 2012, NYSE Euronext expects to pay these amounts throughout 2012 and into 2013.

Note 4 Segment Reporting

NYSE Euronext operates under three reportable segments: Derivatives, Cash Trading and Listings, and Information Services and Technology Solutions. We evaluate the performance of our operating segments based on revenue and operating income. We have aggregated all of our corporate costs, including the costs to operate as a public company, within Corporate/ Eliminations.

The following is a description of our reportable segments:

Derivatives consist of the following in NYSE Euronext s global businesses:

- providing access to trade execution in derivatives products, options and futures;
- providing certain clearing services for derivative products; and
- selling and distributing market data and related information.

Cash Trading and Listings consist of the following in NYSE Euronext s global businesses:

- providing access to trade execution in cash trading;

providing settlement of transactions in certain European markets;

obtaining new listings and servicing existing listings;

selling and distributing market data and related information; and

providing regulatory services.

Information Services and Technology Solutions consist of the following in NYSE Euronext s global businesses:

operating sellside and buyside connectivity networks for our markets and for other major market centers and market participants in the United States, Europe and Asia;

providing trading and information technology software and solutions;

selling and distributing market data and related information to data subscribers for proprietary data products; and

providing multi-asset managed services and expert consultancy to exchanges and liquidity centers.

Summarized financial data of our reportable segments is as follows (in millions):

Three months ended March 31,	Derivatives	Cash Trading and Listings	Information Services and Technology Solutions	Corporate/ Eliminations	Total
2012					
Revenues	$229	$602	$121	$	$ 952
Operating income (loss)	78	113	22	(48)	165
2011					
Revenues	$307	$726	$116	$ (1)	$1,148
Operating income (loss)	145	122	27	(51)	243

Note 5 Earnings and Dividend Per Share

The following is a reconciliation of the basic and diluted earnings per share computations (in millions, except per share data):

	Three months ended March 31, 2012	Three months ended March 31, 2011
Net income	$ 91	$ 151
Net (income) loss attributable to noncontrolling interest	(4)	4
Net income attributable to NYSE Euronext	$ 87	$ 155
Shares of common stock and common stock equivalents: Weighted average shares used in basic computation	258	261
Dilutive effect of: Employee stock options and restricted stock units	1	1

Weighted average shares used in diluted computation	259	262
Basic earnings per share attributable to NYSE Euronext	$ 0.34	$ 0.59
Diluted earnings per share attributable to NYSE Euronext	$ 0.34	$ 0.59
Dividend per common share	$ 0.30	$ 0.30

As of March 31, 2012 and 2011, 4.8 million and 4.5 million restricted stock units, respectively, and options to purchase 0.2 million and 0.4 million shares of common stock, respectively, were outstanding. For the three months ended March 31, 2012 and 2011, 0.2 million and 0.8 million awards, respectively, were excluded from the diluted earnings per share computation because their effect would have been anti-dilutive.

Note 6 Pension and Other Benefit Programs

The components of net periodic (benefit) expense are set forth below (in millions):

Three months ended March 31,	Pension Plans 2012	Pension Plans 2011	SERP Plans 2012	SERP Plans 2011	Postretirement Benefit Plans 2012	Postretirement Benefit Plans 2011
Service cost	$ 1	$ 1	$	$	$	$
Interest cost	11	12	1	1	2	2
Expected return on assets	(13)	(14)				
Actuarial loss	3	4			1	
Curtailment loss						1
Net periodic cost	$ 2	$ 3	$ 1	$ 1	$ 3	$ 3

During the three months ended March 31, 2012 and 2011, NYSE Euronext contributed $16 million and $38 million, respectively, to its pension plans. Based on current actuarial assumptions, NYSE Euronext anticipates funding an additional $24 million to its pension plans for the remainder of fiscal 2012.

Note 7 Goodwill and Other Intangible Assets

The change in the net carrying amount of goodwill by reportable segments was as follows (in millions):

	Derivatives	Cash Trading and Listings	Information Services and Technology Solutions	Total
Balance as of January 1, 2012	$ 2,225	$ 1,434	$ 368	$ 4,027
Acquisitions			26	26
Currency translation and other	63	23	5	91
Balance as of March 31, 2012	$ 2,288	$ 1,457	$ 399	$ 4,144

The following table presents the details of the intangible assets as of March 31, 2012 and December 31, 2011 (in millions):

Balance as of March 31, 2012	Assigned value	Accumulated amortization	Useful Life (in years)
National securities exchange registrations	$ 5,041	$	Indefinite
Customer relationships	878	233	7 to 20
Trade names and other	190	49	2 to 20
Other intangible assets	$ 6,109	$ 282	

Balance as of December 31, 2011	Assigned value	Accumulated amortization	Useful Life (in years)
National securities exchange registrations	$ 4,913	$	Indefinite
Customer relationships	856	213	7 to 20
Trade names and other	188	47	2 to 20
Other intangible assets	$ 5,957	$ 260	

For both the three months ended March 31, 2012 and 2011, amortization expense for the intangible assets was approximately $15 million.

The estimated future amortization expense of acquired purchased intangible assets as of March 31, 2012 was as follows (in millions):

Year ending December 31,		
Remainder of 2012 (from April 1st through December 31st)	$	43
2013		58
2014		58
2015		58
2016		58
Thereafter		511
Total	$	786

Note 8 Fair Value of Financial Instruments

NYSE Euronext accounts for certain financial instruments at fair value in accordance with the Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification. The Fair Value Measurements and Disclosures Topic defines fair value, establishes a fair value hierarchy on the quality of inputs used to measure fair value, and enhances disclosure requirements for fair value measurements. The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial instruments is determined using various techniques that involve some level of estimation and judgment, the degree of which is dependent on the price transparency and the complexity of the instruments.

In accordance with the Fair Value Measurements and Disclosures Topic, NYSE Euronext has categorized its financial instruments measured at fair value into the following three-level fair value hierarchy based upon the level of judgment associated with the inputs used to measure the fair value:

Level 1: Inputs are unadjusted quoted prices for identical assets or liabilities in an active market that NYSE Euronext has the ability to access. Generally, equity and other securities listed in active markets and investments in publicly traded mutual funds with quoted market prices are reported in this category.

Level 2: Inputs are either directly or indirectly observable for substantially the full term of the assets or liabilities. Generally, municipal bonds, certificates of deposits, corporate bonds, mortgage securities, asset backed securities and certain derivatives are reported in this category. The valuation of these instruments is based on quoted prices or broker quotes for similar instruments in active markets.

Level 3: Some inputs are both unobservable and significant to the overall fair value measurement and reflect management s best estimate of what market participants would use in pricing the asset or liability. Generally, assets and liabilities carried at fair value and included in this category are certain structured investments, derivatives, commitments and guarantees that are neither eligible for Level 1 or Level 2 due to the valuation techniques used to measure their fair value. The inputs used to value these instruments are both observable and unobservable and may include NYSE Euronext s own projections.

If the inputs used to measure the financial instruments fall within different levels of the fair value hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. A review of the fair value hierarchy classifications is conducted on a quarterly basis. Changes in the valuation inputs may result in a reclassification for certain financial assets or liabilities.

The following table presents NYSE Euronext s fair value hierarchy of those assets and liabilities measured at fair value on a recurring basis as of March 31, 2012 and December 31, 2011 (in millions):

	$61	$61	$61	$61
	As of March 31, 2012			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Mutual Funds (SERP/SESP)(1)	$ 30	$	$	$ 30
Foreign exchange derivative contracts		2		2
Total Financial investments	$ 30	$ 2	$	$ 32
Liabilities				
Foreign exchange derivative contracts	$	$ 3	$	$ 3
Equity investments(2)	$ 61	$	$	$ 61

	$61	$61	$61	$61
	As of December 31, 2011			

	Level 1	Level 2	Level 3	Total
Assets				
Mutual Funds (SERP/SESP)[1]	$ 34	$	$	$ 34
Foreign exchange derivative contracts		2		2
Total Financial investments	$ 34	$ 2	$	$ 36
Liabilities				
Foreign exchange derivative contracts	$	$ 3	$	$ 3

(1) Equity and fixed income mutual funds held for the purpose of providing future payments of Supplemental Executive Retirement Plan (SERP) and Supplemental Executive Savings Plan (SESP).

(2) At March 31, 2012, equity investments represent our investment in Multi Commodity Exchange (MCX) of India, which has been recorded at fair value using its quoted market price. Until March 2012, this investment was recorded at cost.

The fair value of our long-term debt instruments was approximately $2.2 billion as of March 31, 2012. The carrying value of all other financial assets and liabilities approximates fair value.

Note 9 Derivatives and Hedges

NYSE Euronext may use derivative instruments to hedge financial risks related to its financial position or risks that are otherwise incurred in the normal course of its operations. NYSE Euronext does not use derivative instruments for speculative purposes and enters into derivative instruments only with counterparties that meet high creditworthiness and rating standards. NYSE Euronext records derivatives and hedges in accordance with the Subtopic 65 in the Derivatives and Hedging Topic of the FASB Accounting Standards Codification.

NYSE Euronext records all derivative instruments at fair value on the condensed consolidated statement of financial condition. Certain derivative instruments are designated as hedging instruments under fair value hedging relationships, cash flow hedging relationships or net investment hedging relationships. Other derivative instruments remain undesignated. The details of each designated hedging relationship are formally documented at the inception of the relationship, including the risk management objective, hedging strategy, hedged item, specific risks being hedged, derivative instrument, how effectiveness is being assessed and how ineffectiveness, if any, will be measured. The hedging instrument must be highly effective in offsetting the changes in cash flows or fair value of the hedged item and the effectiveness is evaluated quarterly on a retrospective and prospective basis.

The following presents the aggregated notional amount and the fair value of NYSE Euronext s derivative instruments reported on the condensed consolidated statement of financial condition as of March 31, 2012 (in millions):

	Notional	Fair Value of Derivative Instruments	
March 31, 2012	**Amount**	**Asset[1]**	**Liability[2]**
Derivatives not designated as hedging instruments			
Foreign exchange contracts	$ 751	$ 2	$ 1
Derivatives designated as hedging instruments			
Foreign exchange contracts	517		2
Total derivatives	$ 1,268	$ 2	$ 3

(1) Included in Financial investments in the condensed consolidated statements of financial condition.

(2) Included in Short term debt in the condensed consolidated statements of financial condition.

The following presents the aggregated notional amount and the fair value of NYSE Euronext s derivative instruments reported on the condensed consolidated statement of financial condition as of December 31, 2011 (in millions):

	Notional	Fair Value of Derivative Instruments	
December 31, 2011	**Amount**	**Asset[1]**	**Liability[2]**
Derivatives not designated as hedging instruments			
Foreign exchange contracts	$ 673	$ 2	$ 3
Derivatives designated as hedging instruments			
Foreign exchange contracts			
Total derivatives	$ 673	$ 2	$ 3

(1) Included in Financial investments in the condensed consolidated statements of financial condition.

(2) Included in Short term debt in the condensed consolidated statements of financial condition.

Pre-tax gains and losses on derivative instruments designated as hedging items under net investment hedging relationship for the three months ended March 31, 2012 and 2011 were as follows (in millions):

	Gain/(Loss) Recognized in Other Comprehensive Income (Effective Portion)	
Derivatives in Net Investment Hedging Relationship	**2012**	**2011**
Foreign exchange contracts	$ (2)	$ 1

The ineffective portion of the pre-tax gains and losses on derivative instruments designated as hedged items under net investment hedging relationship for the three months ended March 31, 2012 and 2011 were insignificant.

Pre-tax gains (losses) recognized in income on derivative instruments not designated in hedging relationship for the three months ended March 31, 2012 and 2011 were as follows (in millions)

Derivatives Not Designated as Hedging Instruments	Three months ended March 31, 2012	2011
Foreign exchange contracts	$	$ (1)

For the three months ended March 31, 2012, NYSE Euronext had foreign exchange contracts in place with tenors less than 3 months in order to hedge various financial positions. Certain contracts were designated as hedging instruments under the Derivatives and Hedging Topic. As of March 31, 2012, NYSE Euronext had £240 million ($382 million) sterling/U.S. dollar foreign exchange contracts outstanding and 277 million ($369 million) euro/U.S. dollar contract outstanding with a positive aggregate fair value of $1 million and £147 million ($235 million) sterling/euro forward contracts and 212 million ($280 million) euro/U.S. dollar forward contracts outstanding with a negative aggregate fair value of $2 million. These instruments matured between April and May 2012.

Pre-tax net losses on non-derivative net investment hedging relationships recognized in Other comprehensive income were $36 million and $102 million for the three months ended March 31, 2012 and 2011, respectively.

For the three months ended March 31, 2012, NYSE Euronext had no derivative instruments in fair value hedging relationships and cash flow hedging relationships.

Note 10 Commitments and Contingencies

For the three months ended March 31, 2012, the following supplements and amends our discussion set forth in Note 16 (Commitments and Contingencies Legal Matters) to Item 8 of the Form 10-K filed by NYSE Euronext for the year ended December 31, 2011, and no other matters were reportable during the period.

Shareholder Lawsuits

The shareholder lawsuits relating to the proposed NYSE Euronext Deutsche Börse combination were dismissed, with all parties bearing their own costs, pursuant to orders of the Delaware and New York courts entered on February 17, 2012, and March 1, 2012, respectively.

In addition to the matters described above and in the prior disclosures incorporated herein by reference, NYSE Euronext is from time to time involved in various legal proceedings that arise in the ordinary course of its business. NYSE Euronext records accrued liabilities for litigation and regulatory matters when those matters represent loss contingencies that are both probable and estimable. In such cases, there may be an exposure to loss in excess of any amounts accrued. When a loss contingency is not both probable and estimable, NYSE Euronext does not establish an accrued liability. As a litigation or regulatory matter develops, NYSE Euronext evaluates on an ongoing basis whether such matter presents a loss contingency that is probable and estimable. NYSE Euronext does not believe, based on currently available information, that the results of any of these various proceedings will have a material adverse effect on its financial statements as a whole.

Note 11 Income taxes

For the three months ended March 31, 2012 and 2011 our effective tax rate was 33% and 29%, respectively. NYSE Euronext s effective tax rate was lower than the statutory rate primarily due to higher earnings generated from foreign operations, where the applicable foreign jurisdiction tax rate is lower than the statutory rate. For the three months ended March 31, 2012, our effective tax rate reflected the release of reserves following a favorable settlement reached with the tax authorities in the United Kingdom regarding an uncertain tax position, which was more than offset by a discrete deferred tax expense related to the reorganization of certain of our U.S. businesses.

Note 12 Related Party Transactions

LCH.Clearnet

On May 27, 2009, NYSE Liffe s London Market (for the purposes of this section, NYSE Liffe) received regulatory approval from the Financial Services Authority (FSA) to launch NYSE Liffe Clearing, an arrangement with LCH.Clearnet Ltd (LCH.Clearnet), whereby NYSE Liffe assumed full responsibility for clearing activities for the U.K. derivatives market. To achieve this, NYSE Liffe became a self-clearing Recognised Investment Exchange and outsourced the existing clearing guarantee arrangements and related risk functions to LCH.Clearnet.

In May 2010, NYSE Euronext announced plans to establish full-service clearing house facilities in Europe and gave notice to terminate the current out-sourcing arrangements with LCH.Clearnet SA in Paris for European cash and Continental European derivatives clearing. During 2011, these termination dates were extended into 2013 by mutual agreement, but following the announcement of the recently terminated Proposed Business Combination, NYSE Euronext reviewed the strategic options available to it for clearing and determined to re-launch the project to develop a full service derivatives clearing house in London (a Recognised Clearing House RCH , as defined by the FSA), which was put on hold during 2011. NYSE Euronext recently announced that it expects the new RCH to be completed, licensed and operational by summer of 2013, at which time all of NYSE Liffe s London contracts will transition into the new RCH. Clearing for NYSE Euronext s derivatives business traded in Amsterdam, Brussels, Lisbon and Paris is expected to be transferred to the new RCH in London early in the first quarter of 2014, subject to regulatory approval and finalization of precise timings with LCH.Clearnet SA. For European cash clearing, NYSE Euronext has determined to agree a new long term relationship with LCH.Clearnet SA in Paris.

As of March 31, 2012, NYSE Euronext had a 9.1% stake in LCH.Clearnet Group Limited s outstanding share capital and the right to appoint one director to its board of directors.

Qatar

On June 19, 2009, NYSE Euronext agreed to contribute $200 million in cash to acquire a 20% ownership interest in the Qatar Exchange, $40 million of which was paid upon closing on June 19, 2009 and generally, the remaining $160 million is to be paid annually in four equal installments. NYSE Euronext s investment in the Qatar Exchange is treated as an equity method investment. The $78 million present value of this liability is included in Related party payable in the condensed consolidated statements of financial condition as of March 31, 2012.

New York Portfolio Clearing (NYPC)

NYPC, NYSE Euronext s joint venture with The Depository Trust & Clearing Corporation (DTCC), became operational in the first quarter of 2011. NYPC clears fixed income derivatives traded on NYSE Liffe US and will have the ability to provide clearing services for other exchanges and Derivatives Clearing Organizations in the future. NYPC uses NYSE Euronext s clearing technology, TRS/CPS, to process and manage cleared positions and post-trade position transfers. DTCC s Fixed Income Clearing Corporation provides capabilities in risk management, settlement, banking and reference data systems. As of March 31, 2012, NYSE Euronext had a minority ownership interest in, and board representation on, DTCC.

The following presents revenues derived and expenses incurred from these related parties (in millions):

	Three months ended March 31,	
Revenues (expenses)	**2012**	**2011**
LCH.Clearnet	$(11)	$(11)
Qatar		2
NYPC	1	

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion together with the condensed consolidated financial statements and related notes included in this Quarterly Report on Form 10-Q. This discussion contains forward-looking statements. Actual results may differ from such forward-looking statements. See Forward-Looking Statements and the information under Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2011. Certain prior period amounts presented in the discussion and analysis have been reclassified to conform to the current presentation.

Overview

NYSE Euronext was formed from the combination of the businesses of NYSE Group and Euronext, which was consummated on April 4, 2007. Prior to that date, NYSE Euronext had no significant assets and did not conduct any material activities other than those incidental to its formation. Following consummation of the combination, NYSE Euronext became the parent company of NYSE Group and Euronext and each of their respective subsidiaries. Under the purchase method of accounting, NYSE Group was treated as the accounting and legal acquiror in the combination with Euronext. On October 1, 2008, NYSE Euronext completed its acquisition of The Amex Membership Corporation, including its subsidiary, the American Stock Exchange, which is now known as NYSE Amex.

We operate under three reportable segments: Derivatives, Cash Trading and Listings, and Information Services and Technology Solutions. We evaluate the performance of our operating segments based on revenue and operating income. We have aggregated all of our corporate costs, including the costs to operate as a public company, within Corporate/ Eliminations.

The following is a description of our reportable segments:

Derivatives consist of the following in NYSE Euronext s global businesses:

- providing access to trade execution in derivatives products, options and futures;
- providing certain clearing services for derivative products; and
- selling and distributing market data and related information.

Cash Trading and Listings consist of the following in NYSE Euronext s global businesses:

- providing access to trade execution in cash trading
- providing settlement of transactions in certain European markets;
- obtaining new listings and servicing existing listings;
- selling and distributing market data and related information; and
- providing regulatory services.

Information Services and Technology Solutions consist of the following in NYSE Euronext s global businesses:

- operating sellside and buyside connectivity networks for our markets and for other major market centers and market participants in the United States, Europe and Asia;

- providing trading and information technology software and solutions;

- selling and distributing market data and related information to data subscribers for proprietary data products; and

- providing multi-asset managed services and expert consultancy to exchanges and liquidity centers.

For a discussion of these segments, see Note 4 to the condensed consolidated financial statements.

Factors Affecting Our Results

The business environment in which NYSE Euronext operates directly affects its results of operations. Our results have been and will continue to be affected by many factors, including the level of trading activity in our markets, which during any period is significantly influenced by general market conditions, competition, market share and the pace of industry consolidation; broad trends in the brokerage and finance industry; price levels and price volatility; the number and financial health of companies listed on NYSE Euronext s cash markets; changing technology in the financial services industry; and legislative and regulatory changes, among other factors. In particular, in recent years, the business environment has been characterized by increasing competition among global markets for trading volumes and listings; the globalization of exchanges, customers and competitors; market participants demand for speed, capacity and reliability, which requires continuing investment in technology; and increasing competition for market data revenues. The maintenance and growth of our revenues could also be impacted if we face increased pressure on pricing.

Uncertainty in the U.S. credit markets that commenced with the upheaval in 2008 continues to impact the economy. Equity market indices have experienced volatility and the market may remain volatile throughout 2012. Economic uncertainty in the European Union and the political upheaval in certain North African countries could spread to other countries and may continue to negatively affect global financial markets. While markets may improve, these factors have adversely affected our revenues and operating income and may negatively impact future growth.

As a result of recent events, there has been, and it is likely that there will continue to be, significant change in the regulatory environment in which we operate. In particular, the Dodd-Frank Wall Street Reform and Consumer Protection Act was signed into law in July 2010. Although many of its provisions require the adoption of rules to implement, and it contains substantial ambiguities, many of which will not be resolved until regulations are adopted, such reforms could adversely affect our business or result in increased costs and the expenditure of significant resources. In addition, there are significant structural changes underway within the European regulatory framework.

While we have not experienced reductions in our borrowing capacity, lenders in general have taken actions that indicate their concerns regarding liquidity in the marketplace. These actions have included reduced advance rates for certain security types, more stringent requirements for collateral eligibility and higher interest rates. Should lenders continue to take additional similar actions, the cost of conducting our business may increase and our ability to implement our business initiatives could be limited.

We expect that all of these factors will continue to impact our businesses. Any potential growth in the global cash markets will likely be tempered by investor uncertainty resulting from volatility in the cost of energy and commodities, unemployment concerns, contagion concerns in relation to the sovereign debt issues faced by some members of the Eurozone, as well as the general state of the world economy. We continue to focus on our strategy to broaden and diversify our revenue streams, as well as our company-wide expense reduction initiatives in order to mitigate these uncertainties.

Sources of Revenues

Transaction and Clearing Fees

Our transaction and clearing fees consist of fees collected from our cash trading, derivatives trading and clearing fees.

Cash trading. Revenues for cash trading consist of transaction charges for executing trades on our cash markets, as well as transaction charges related to orders on our U.S. cash markets which are routed to other market centers for execution. Additionally, our U.S. cash markets pay fees to the SEC pursuant to Section 31 of the Exchange Act. These fees are designed to recover the costs to the government of supervision and regulation of securities markets and securities professionals. Activity assessment fees are collected from member organizations executing trades on our U.S. cash markets, and are recognized when these amounts are invoiced. Fees received are included in cash at the time of receipt and, as required by law, the amount due to the SEC is remitted semiannually and recorded as an accrued liability until paid. The activity assessment fees are designed so that they are equal to the Section 31 fees. As a result, activity assessment fees and Section 31 fees do not have an impact on NYSE Euronext s net income.

Derivatives trading and clearing. Revenues from derivatives trading and clearing consist of per-contract fees for executing trades of derivatives contracts and clearing charges on the London market of NYSE Liffe and NYSE Liffe US and executing options contracts traded on NYSE Arca and NYSE Amex. In some cases, these fees are subject to caps.

Revenues for per-contract fees are driven by the number of trades executed and fees charged per contract. The principal types of derivative contracts traded and cleared are equity and index products and short-term interest rate products. Trading in equity products is primarily driven by price volatility in equity markets and indices and trading in short-term interest rate products is primarily driven by volatility resulting from uncertainty over the direction of short-term interest rates. The level of trading and clearing activity for all products is also influenced by market conditions and other factors. See Factors Affecting Our Results.

Market Data

We generate revenues from the dissemination of our market data in the U.S. and Europe to a variety of users. In the U.S., we collect market data fees principally for consortium-based data products and, to a lesser extent, for NYSE proprietary data products. Consortium-based data fees are dictated as part of the securities industry plans and charged to vendors based on their redistribution of data. Consortium-based data revenues from the dissemination of market data (net of administrative costs) are distributed to participating markets on the basis of a formula set by the SEC under Regulation NMS. Last sale prices and quotes in NYSE-listed, NYSE Amex-listed, and NYSE Arca-listed securities are disseminated through Tape A and Tape B, which constitute the majority of the NYSE Euronext s U.S. revenues from consortium-based market data revenues. We also receive a share of the revenues from Tape C , which represents data related to trading of certain securities that are listed on Nasdaq. These revenues are influenced by demand for the data by professional and nonprofessional subscribers. In addition, we receive fees for the display of data on television and for vendor access. Our proprietary products make market data available to subscribers covering activity that takes place solely on our U.S. markets, independent of activity on other markets. Our proprietary data products also include depth of book information, historical price information and corporate action information.

NYSE Euronext offers NYSE Realtime Reference Prices, which allows internet and media organizations to buy real-time, last-sale market data from NYSE and provide it broadly and free of charge to the public. CNBC, Google Finance and nyse.com display NYSE Realtime stock prices on their respective websites.

In Europe, we charge a variety of users, primarily the end-users, for the use of Euronext s real-time market data services. We also collect annual license fees from vendors for the right to distribute Euronext market data to third parties and a service fee from vendors for direct connection to market data. A substantial majority of European market data revenues is derived from monthly end-user fees. We also derive revenues from selling historical and reference data about securities, and by publishing the daily official lists for the Euronext markets. The principal drivers of market data revenues are the number of end-users and the prices for data packages.

Listings

There are two types of fees applicable to companies listed on our U.S. and European securities exchanges listing fees and annual fees. Listing fees consist of two components: original listing fees and fees related to other corporate-related actions. Original listing fees, subject to a minimum and maximum amount, are based on the number of shares that the company initially lists. Original listing fees, however, are generally not applicable to companies that transfer to one of our U.S. securities exchanges from another market, except for companies transferring to NYSE Amex from the over-the-counter market. Other corporate action related fees are paid by listed companies in connection with corporate actions involving the issuance of new shares to be listed, such as stock splits, rights issues, sales of additional securities, as well as mergers and acquisitions, which are subject to a minimum and maximum fee.

In the U.S., annual fees are charged based on the number of outstanding shares of the listed U.S. companies at the end of the prior year. Non-U.S. companies pay fees based on the number of listed securities issued or held in the United States. Annual fees are recognized as revenue on a pro rata basis over the calendar year.

Original fees are recognized as revenue on a straight-line basis over estimated service periods of ten years for the NYSE and the Euronext cash equities markets and five years for NYSE Arca and NYSE Amex. Unamortized balances are recorded as deferred revenue on the condensed consolidated statements of financial condition.

Listing fees for our European markets comprise admission fees paid by issuers to list securities on the cash market, annual fees paid by companies whose financial instruments are listed on the cash market, and corporate activity and other fees, consisting primarily of fees charged by Euronext Paris and Euronext Lisbon for centralizing shares in IPOs and tender offers. Original listing fees, subject to a minimum and maximum amount, are based on the market capitalization at the time of the IPO. Revenues from annual listing fees relate to the number of shares outstanding and the market capitalization of the listed company.

In general, Euronext Paris, Euronext Amsterdam, Euronext Brussels and Euronext Lisbon have adopted a common set of listing fees. Under the harmonized fee book, domestic issuers (i.e., those from France, the Netherlands, Belgium and Portugal) pay admission fees to list their securities based on the market capitalization of the respective issuer. Subsequent listings of securities receive a discount on admission fees. Domestic issuers also pay annual fees based on the number of equity securities and the market capitalization of the respective issuer. Non-domestic companies listing in connection with raising capital are charged admission and annual fees on a similar basis, although they are generally charged lower maximum admission fees and annual fees. Non-domestic companies that are in the Euronext 100 index are treated as domestic. Euronext Paris and Euronext Lisbon also charge centralization fees for collecting and allocating retail investor orders in IPOs and tender offers.

The revenue NYSE Euronext derives from listing fees is primarily dependent on the number and size of new company listings as well as the level of other corporate-related activity of existing listed issuers. The number and size of new company listings and other corporate-related activity in any period depend primarily on factors outside of NYSE Euronext s control, including general economic conditions in Europe and the United States (in particular, stock market conditions) and the success of competing stock exchanges in attracting and retaining listed companies.

Technology Services

Revenues are generated primarily from connectivity services related to the SFTI and FIX networks, software licenses and maintenance fees as well as consulting services. Colocation revenue is recognized monthly over the life of the contract. We also generate revenues from software license contracts and maintenance agreements. We provide software that allows customers to receive comprehensive market-agnostic connectivity, transaction and data management solutions. Software license revenues are recognized at the time of client acceptance and maintenance agreement revenues are recognized monthly over the life of the maintenance term subsequent to acceptance. Consulting services are offered for customization or installation of the software and for general advisory services. Consulting revenue is generally billed in arrears on a time and materials basis, although customers sometimes prepay for blocks of consulting services in bulk. NYSE Euronext records revenues from subscription agreements on a pro rata basis over the life of the subscription agreements. The unrealized portions of invoiced subscription fees, maintenance fees and prepaid consulting fees are recorded as deferred revenue on the consolidated statements of financial condition.

Other Revenues

Other revenues include trading license fees, fees for facilities and other services provided to designated market markers (DMMs), brokers and clerks physically located on the floors of our U.S. markets that enable them to engage in the purchase and sale of securities on the trading floor, the revenues of our NYSE Blue joint venture and fees for clearance and settlement activities in our European markets, as well as regulatory revenues. Regulatory fees are charged to member organizations of our U.S. securities exchanges.

Components of Expenses

Section 31 Fees

See Sources of Revenues Transaction and Clearing Fees above.

Liquidity Payments, Routing and Clearing

We offer our customers a variety of liquidity payment structures, tailored to specific market and product characteristics in order to attract order flow, enhance liquidity and promote use of our markets. We charge a per share or per contract execution fee to the market participant who takes the liquidity on certain of our trading platforms and, in turn, we pay, on certain of our markets, a portion of this per share or per contract execution fee to the market participant who provides the liquidity.

We also incur routing charges in the U.S. when we do not have the best bid or offer in the market for a security that a customer is trying to buy or sell on one of our U.S. securities exchanges. In that case, we route the customer s order to the external market center that displays the best bid or offer. The external market center charges us a fee per share (denominated in tenths of a cent per share) for routing to its system. We include costs incurred due to erroneous trade execution within routing and clearing. Furthermore, NYSE Arca incurs clearance, brokerage and related transaction expenses, which primarily include costs incurred in self-clearing activities, and per trade service fees paid to exchanges for trade execution.

Other Operating Expenses

Other operating expenses include compensation, depreciation and amortization, systems and communications, professional services, selling, general and administrative, and merger expenses and exit costs.

Compensation

Compensation expense includes employee salaries, incentive compensation (including stock-based compensation) and related benefits expense, including pension, medical, post-retirement medical and supplemental executive retirement plan (SERP) charges. Part-time help, primarily related to security personnel at the NYSE, is also recorded as part of compensation.

Depreciation and Amortization

Depreciation and amortization expenses consist of costs from depreciating fixed assets (including computer hardware and capitalized software) and amortizing intangible assets over their estimated useful lives.

Systems and Communications

Systems and communications expense includes costs for development and maintenance of trading, regulatory and administrative systems; investments in system capacity, reliability and security; and cost of network connectivity between our customers and data centers, as well as connectivity to various other market centers. Systems and communications expense also includes fees paid to third-party providers of networks and information technology resources, including fees for consulting, research and development services, software rental costs and licenses, hardware rental and related fees paid to third-party maintenance providers.

Professional Services

Professional services expense includes consulting charges related to various technological and operational initiatives, including fees paid to LCH.Clearnet in connection with certain clearing guarantee arrangements and FINRA in connection with the performance of certain member firm regulatory functions, as well as legal and audit fees.

Selling, General and Administrative

Selling, general and administrative expenses include (i) occupancy costs, (ii) marketing costs consisting of advertising, printing and promotion expenses, (iii) insurance premiums, travel and entertainment expenses, co-branding, investor education and advertising expenses with NYSE listed companies, (iv) general and administrative expenses and (v) regulatory fine income levied by NYSE Regulation. Regulatory fine income must be used for regulatory purposes. Subsequent to the July 30, 2007 asset purchase agreement with FINRA, the amount of regulatory fine income has been relatively immaterial.

Merger Expenses and Exit Costs

Merger expenses and exit costs consist of severance costs and related curtailment losses, contract termination costs, depreciation charges triggered by the acceleration of certain fixed asset useful lives, as well as legal and other professional fees and expenses directly attributable to business combinations and cost reduction initiatives.

Results of Operations

Three Months Ended March 31, 2012 Versus Three Months Ended March 31, 2011

The following table sets forth NYSE Euronext s condensed consolidated statements of operations for the three months ended March 31, 2012 and 2011, as well as the percentage increase or decrease for each condensed consolidated statement of operations item for the three months ended March 31, 2012, as compared to such item for the three months ended March 31, 2011.

(Dollars in Millions)	Three months ended March 31, 2012	Three months ended March 31, 2011	Percent Increase (Decrease)
Revenues			
Transaction and clearing fees	$ 609	$ 815	(25)%
Market data	91	96	(5)%
Listing	110	109	1%
Technology services	86	82	5%
Other revenues	56	46	22%
Total revenues	952	1,148	(17)%
Transaction-based expenses:			
Section 31 fees	66	89	(26)%
Liquidity payments, routing and clearing	285	380	(25)%
Total revenues, less transaction-based expenses	601	679	(11)%
Other operating expenses:			
Compensation	160	161	(1)%
Depreciation and amortization	66	70	(6)%
Systems and communications	45	52	(13)%
Professional services	73	69	6%
Selling, general and administrative	61	63	(3)%
Merger expenses and exit costs	31	21	48%
Total other operating expenses	436	436	%
Operating income	**165**	**243**	**(32)%**
Net interest and investment income (loss)	(28)	(29)	(3)%
Loss from associates	(1)	(1)	%
Income before income taxes	136	213	(36)%
Income tax provision	(45)	(62)	(27)%
Net income	**91**	**151**	**(40)%**
Net (income) loss attributable to noncontrolling interest	(4)	4	200%
Net income attributable to NYSE Euronext	**$ 87**	**$ 155**	**(44)%**

Highlights

For the three months ended March 31, 2012, NYSE Euronext reported total revenues, less transaction-based expenses, operating income and net income attributable to NYSE Euronext of $601 million, $165 million and $87 million, respectively. This compares to total revenues, less transaction-based expenses, operating income and net income attributable to NYSE Euronext of $679 million, $243 million and $155 million, respectively, for the three months ended March 31, 2011.

The $78 million decrease in both total revenues, less transaction-based expenses and operating income, and $68 million decrease in net income attributable to NYSE Euronext for the period reflects the following principal factors:

Decreased total revenues, less transaction-based expenses Total revenues, less transaction-based expenses, decreased primarily due to lower volumes across our trading venues and the negative impact of foreign currency, partially offset by the growth in our non-transaction-based revenues (including listing and technology services).

Decreased operating income The period-over-period decrease in operating income of $78 million was primarily due to lower total revenues, less transaction-based expenses. Excluding the net impact of merger and exit activities, foreign currency ($5 million) and new business initiatives ($7 million), our other operating expenses decreased $12 million or 3% as compared to the three months ended March 31, 2011.

Decreased net income attributable to NYSE Euronext The period-over-period decrease in net income attributable to NYSE Euronext of $68 million was mainly due to decreased operating income and a higher effective tax rate.

Segment Results

We operate under three reportable segments: Derivatives, Cash Trading and Listings, and Information Services and Technology Solutions. We evaluate the performance of our operating segments based on revenue and operating income. For discussion of these segments, see Note 4 to the condensed consolidated financial statements and Overview above.

	Three months ended March 31,			
			% of Total Revenues	
Segment Revenues (in millions)	**2012**	**2011**	**2012**	**2011**
Derivatives	$ 229	$ 307	24%	27%
Cash Trading and Listings	602	726	63%	63%
Information Services and Technology Solutions	121	116	13%	10%
Total segment revenues	$ 952	$ 1,149	100%	100%

Derivatives

	Three months ended March 31,				
			Increase	% of Revenues	
(in millions)	**2012**	**2011**	**(decrease)**	**2012**	**2011**
Transaction and clearing fees	$ 206	$ 286	(28)%	90%	93%
Market data	11	12	(8)%	5%	4%
Other revenues	12	9	33%	5%	3%
Total revenues	229	307	(25)%	100%	100%
Transaction-based expenses:					
Liquidity payments, routing and clearing	53	71	(25)%	23%	23%
Total revenues, less transaction-based expenses	176	236	(25)%	77%	77%
Total other operating expenses	98	91	8%	43%	30%
Operating income	$ 78	$ 145	(46)%	34%	47%

For the three months ended March 31, 2012, Derivatives operating income decreased $67 million to $78 million, and operating income as a percentage of revenues in 2012 decreased 13 percentage points to 34%. Compared to the first quarter of 2011, the $60 million decrease in total revenues, less transaction-based expenses, was driven by a $56 million decrease in European derivatives net trading revenue as a result of a 28% decrease in average daily volume and average net revenue capture per contract and a $8 million decrease in U.S. equity options trading net revenue driven by a 6% decrease in average daily volume and a decline in average net capture per U.S. equity option contract. Other operating expenses for the three months ended March 31, 2012 increased $7 million reflecting new business initiatives, including plans to clear our European derivatives business through new clearing facilities.

Cash Trading and Listings

	Three months ended March 31,				
			Increase	% of Revenues	
(in millions)	**2012**	**2011**	**(decrease)**	**2012**	**2011**
Transaction and clearing fees	$ 403	$ 529	(24)%	67%	73%
Market data	45	50	(10)%	8%	7%
Listing	110	109	1%	18%	15%
Other revenues	44	38	16%	7%	5%
Total revenues	602	726	(17)%	100%	100%
Transaction-based expenses:					
Section 31 fees	66	89	(26)%	11%	12%
Liquidity payments, routing and clearing	232	309	(25)%	39%	43%
Total revenues, less transaction-based expenses	304	328	(7)%	50%	45%
Total other operating expenses	191	206	(7)%	31%	28%
Operating income	$ 113	$ 122	(7)%	19%	17%

For the three months ended March 31, 2012, Cash Trading and Listings operating income as a percentage of revenues in 2012 increased 2 percentage points to 19% despite a decrease in operating income of $9 million to $113 million. The decrease in operating income is primarily due to a decrease in our total revenues, less transaction-based expenses, of $24 million as a result of lower average daily trading volumes across our cash trading venues and the impact of foreign currency, partially offset by a decrease in other operating expenses of $15 million for the three months ended March 31, 2012 reflecting the results of operating efficiencies.

Information Services and Technology Solutions

	Three months ended March 31,				
			Increase	% of Revenues	
(in millions)	**2012**	**2011**	**(decrease)**	**2012**	**2011**
Market data	$ 35	$ 34	3%	29%	29%
Technology services	86	82	5%	71%	71%
Total revenues	121	116	4%	100%	100%
Total other operating expenses	99	89	11%	82%	77%
Operating income	$ 22	$ 27	(19)%	18%	23%

For the three months ended March 31, 2012, Information Services and Technology Solutions operating income decreased $5 million to $22 million, and operating income as a percentage of revenues in 2012 decreased 5 percentage points to 18%. This decrease was primarily due to (i) additional operating expenses as we ramp up our co-location services and expand our SFTI network, (ii) severance charges in the 2012 period as we continue to realize operating efficiencies, and (iii) the unfavorable impact of foreign currency, partially offset by (iv) an increase in revenue driven by higher connectivity revenue related to our Mahwah data center and incremental revenue from the Metabit acquisition.

Corporate / Eliminations

	Three months ended March 31,		
			Increase
(in millions)	**2012**	**2011**	**(decrease)**
Revenues, less transaction-based expenses	$	$ (1)	100%

Total revenues		(1)	100%
Total other operating expenses	48	50	(4)%
Operating loss	$ (48)	$ (51)	(6)%

Corporate and eliminations include unallocated costs primarily related to corporate governance, public company expenses and costs associated with our pension, SERP and postretirement benefit plans and intercompany eliminations of revenues and expenses. Operating expenses for the three months ended March 31, 2012 decreased $2 million to $48 million compared to the same period a year ago.

Non-Operating Income and Expenses

Net Interest and Investment Income (Loss)

Interest expense is primarily attributable to the interest expense on the debt incurred in connection with $750 million of fixed rate bonds due in June 2013 and 1,000 million of fixed rate bonds due in June 2015. See Liquidity and Capital Resources .

Loss from Associates

For the three months ended March 31, 2012, the loss from associates primarily reflects the impact of our investment in NYPC which is still in development stage.

Noncontrolling Interest

For the three months ended March 31, 2012, NYSE Euronext recorded noncontrolling interest income of $4 million as compared to a $4 million loss in the same period a year ago. This reflects the operating income generated by NYSE Amex Options (launched in June 2011) which more than offset the operating losses of NYSE Liffe US and NYSE Blue.

Income Taxes

For the three months ended March 31, 2012 and 2011, NYSE Euronext provided for income taxes at an estimated tax rate of 33% and 29%, respectively. For the three months ended March 31, 2012, NYSE Euronext s effective tax rate was lower than the statutory rate primarily due to higher earnings generated from foreign operations, where the applicable foreign jurisdiction tax rate is lower than the statutory rate. For the three months ended March 31, 2012, our effective tax rate reflected the release of reserves following a favorable settlement reached with the UK tax authorities regarding an uncertain tax position, which was more than offset by a discrete deferred tax expense related to the reorganization of certain of our U.S. businesses.

Liquidity and Capital Resources

NYSE Euronext s financial policy seeks to finance the growth of its business, remunerate shareholders and ensure financial flexibility, while maintaining strong creditworthiness and liquidity. NYSE Euronext s primary sources of liquidity are cash flows from operating activities, current assets and existing bank facilities. NYSE Euronext s principal liquidity requirements are for working capital, capital expenditures and general corporate use.

Cash flows from operating activities

For the three months ended March 31, 2012, net cash provided by operating activities was $200 million, representing primarily net income of $91 million and depreciation and amortization of $66 million, partially offset by a decrease in working capital of $25 million.

Cash flows from investing and financing activities

Capital expenditures for the three months ended March 31, 2012 were $43 million. During the quarter, we repurchased 4.3 million shares of our common stock for approximately $127 million.

Net financial indebtedness

As of March 31, 2012, NYSE Euronext had approximately $2.1 billion in debt outstanding and $0.4 billion of cash, cash equivalents and financial investments, resulting in $1.7 billion in net indebtedness. We define net indebtedness as outstanding debt less cash, cash equivalents and financial investments.

Net indebtedness was as follows (in millions):

	March 31, 2012	December 31, 2011
Cash and cash equivalents	$ 369	$ 396
Financial investments	32	36
Cash, cash equivalents and financial investments	**401**	**432**
Short term debt	66	39
Long term debt	2,074	2,036
Total debt	**2,140**	**2,075**
Net indebtedness	**$ 1,739**	**$ 1,643**

Cash, cash equivalents and financial investments are managed as a global treasury portfolio of non-speculative financial instruments that are readily convertible into cash, such as overnight deposits, term deposits, money market funds, mutual funds for treasury investments, short duration fixed income investments and other money market instruments, thus ensuring high liquidity of financial assets.

As of March 31, 2012, NYSE Euronext s main debt instruments were as follows (in millions):

	Principal amount as of March 31, 2012	Maturity
4.8% bond in U.S. dollar	$ 750	June 30, 2013
5.375% bond in Euro	1,000 ($1,333)	June 30, 2015

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In 2007, NYSE Euronext entered into a U.S. dollar and euro-denominated global commercial paper program of $3.0 billion in order to refinance the acquisition of the Euronext shares. As of March 31, 2012, NYSE Euronext had no debt outstanding under this commercial paper program. The effective interest rate of commercial paper issuances does not materially differ from short term interest rates (Libor U.S. for commercial paper issued in U.S. dollar and Euribor for commercial paper issued in euro). The fluctuation of these rates due to market conditions may therefore impact the interest expense incurred by NYSE Euronext.

The commercial paper program is backed by a $1.4 billion syndicated revolving bank facility maturing on July 31, 2012. This bank facility is also available for general corporate purposes and was not drawn on as of March 31, 2012. This bank facility was initially entered into in 2007 for an amount of $2.0 billion and was subsequently amended on December 8, 2011. Pursuant to the amendment, the size of the facility decreased to $1,357 million as of December 8, 2011 and was further reduced to $1.2 billion as of April 4, 2012. The commercial paper program and the credit facilities include terms and conditions customary for agreements of this type, which may restrict NYSE Euronext s ability to engage in additional transactions or incur additional indebtedness.

In 2008, NYSE Euronext issued $750 million of 4.8% fixed rate bonds due in June 2013 and 750 million of 5.375% fixed rate bonds due in June 2015 in order to, among other things, refinance outstanding commercial paper and lengthen the maturity profile of its debt. In 2009, NYSE Euronext increased the 750 million 5.375% notes due in June 2015 to 1 billion as a result of an incremental offering of 250 million. The terms of the bonds do not contain any financial covenants. The bonds may be redeemed by NYSE Euronext or the bond holders under certain customary circumstances, including a change in control accompanied by a downgrade of the bonds below an investment grade rating. The terms of the bonds also provide for customary events of default and a negative pledge covenant.

Liquidity risk

NYSE Euronext continually reviews its liquidity and debt positions, and subject to market conditions and credit and strategic considerations, may from time to time determine to vary the maturity profile of its debt and diversify its sources of financing. NYSE Euronext anticipates being able to support short-term liquidity and operating needs primarily through existing cash balances and financing arrangements, along with future cash flows from operations. If existing financing arrangements are insufficient to meet the anticipated needs of its current operations or to refinance existing debt, NYSE Euronext may seek additional financing in either the debt or equity markets. NYSE Euronext may also seek equity or debt financing in connection with future acquisitions or other strategic transactions. While we believe that we generally have access to debt markets, including bank facilities and publicly and privately issued long and short term debt, we may not be able to obtain additional financing on acceptable terms or at all.

Because commercial paper s new issues generally fund the retirement of old issues, NYSE Euronext is exposed to the rollover risk of not being able to issue new commercial paper. In order to mitigate the rollover risk, NYSE Euronext maintains undrawn backstop bank facilities for an aggregate amount exceeding at any time the amount issued under its commercial paper program. In case we would not be able to issue new commercial paper, we may draw on these backstop facilities.

Share Repurchase Program

In 2008, our board of directors authorized the repurchase of up to $1 billion of our common stock. Under the program, we may repurchase stock from time to time at the discretion of management in open market or privately negotiated transactions or otherwise, subject to applicable United States or European laws, regulations and approvals, strategic considerations, market conditions and other factors. This stock repurchase plan does not obligate us to repurchase any dollar amount or number of shares of our common stock and any such repurchases will be made in compliance with the applicable laws and regulations, including rules and regulations of the SEC and applicable EU regulations and regulations of the AMF.

A summary of common stock purchases is as follows:

Issuer Purchases of Equity Securities

(dollars in millions, except per share amounts)

Period	**Total Number of Shares Purchased**	**Average Price Paid Per Share**	**Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs**	**Approximate Dollar Value of Shares that May Yet Be Purchased Under the**

						Plans or Programs
2011	17,075,922	$	26.96	17,075,922	$	552
January 2012				17,075,922		552
February 2012	2,042,700		29.99	19,118,622		491
March 2012	2,239,000		29.50	21,357,622		425
	21,357,622					

Critical Accounting Policies and Estimates

The following provides information about NYSE Euronext s critical accounting policies and estimates. Critical accounting polices reflect significant judgments and uncertainties, and potentially produce materially different results, assumptions and conditions.

Revenue Recognition

There are two types of fees applicable to companies listed on the NYSE, NYSE Arca, NYSE Amex and Euronext listing fees and annual fees. Listing fees consist of two components: original listing fees and fees related to other corporate action. Original listing fees, subject to a minimum and maximum amount, are based on the number of shares that the company initially lists. Original listing fees, however, are generally not applicable to companies that transfer to one of our U.S. securities exchanges from another market, except for companies transferring to NYSE Amex from the over-the-counter market. Other corporate action related fees are paid by listed companies in connection with corporate actions involving the issuance of new shares. Annual fees are recognized on a pro rata basis over the calendar year. Original listing fees are recognized on a straight-line basis over their estimated service periods of 10 years for the NYSE and Euronext, and 5 years for NYSE Arca and NYSE Amex. Unamortized balances are recorded as deferred revenue on the condensed consolidated statements of financial condition.

In addition, NYSE Euronext licenses software and provides software services which are accounted for in accordance with Subtopic 605 in the Software Topic of the FASB Accounting Standards Codification, which involves significant judgment. The technology services revenues in our condensed consolidated statement of operations include revenues generated from the sale of software licenses, software related services as well as hardware components. We enter into multiple-element sales arrangements to provide technology solutions and services to our customers. In such arrangements, we first allocate the total arrangement consideration based on the relative selling prices of the software group of elements as a whole and to the non-software elements. We then further allocate consideration within the software group to the respective elements within that group in accordance with Subtopic 605 in the Software Topic of the FASB Accounting Standards Codification. We recognize revenues upon delivery of non-software elements of our technology solutions and services. For software license arrangements that do not require customization or significant modification of the underlying software, we recognize revenues when (i) we enter into a legally binding agreement with a customer for the license of software, (ii) we deliver the products and (iii) customer payment is determinable and free of significant uncertainties or contingencies. Most of our arrangements are recognized in this manner. For software license arrangements that require customization or significant modification, we generally recognize revenues upon delivery provided the acceptance terms are perfunctory and all other revenue recognition criteria have been met. For revenues associated with maintenance and support, we recognize it ratably over the term of the arrangement, typically one to two years.

Goodwill and Other Intangible Assets

NYSE Euronext reviews the carrying value of goodwill for impairment at least annually based upon estimated fair value of NYSE Euronext s reporting units. Should the review indicate that goodwill is impaired, NYSE Euronext s goodwill would be reduced by the difference between the carrying value of goodwill and its fair value.

NYSE Euronext reviews the useful life of its indefinite-lived intangible assets to determine whether events or circumstances continue to support the indefinite useful life categorization. In addition, the carrying value of NYSE Euronext s other intangible assets is reviewed by NYSE Euronext at least annually for impairment based upon the estimated fair value of the asset.

For purposes of performing the impairment test, fair values are determined using discounted cash flow methodology. This requires significant judgments including estimation of future cash flows, which, among other factors, is dependent on internal forecasts, estimation of the long-term rate of growth for businesses and determination of weighted average cost of capital. Changes in these estimates and assumptions could materially affect the determination of fair value and/or goodwill and other intangible impairment for each reporting unit.

Income Taxes

NYSE Euronext records income taxes using the asset and liability method, under which current and deferred tax liabilities and assets are recorded in accordance with enacted tax laws and rates. Under this method, the amounts of deferred tax liabilities and assets at the end of each period are determined using the tax rate expected to be in effect when the taxes are actually paid or recovered. Future tax benefits are recognized to the extent that realization of such benefits is more likely than not.

Deferred income taxes are provided for the estimated income tax effect of temporary differences between financial and tax bases in assets and liabilities. Deferred tax assets are also provided for certain tax carryforwards. A valuation allowance to reduce deferred tax assets is established when it is more likely than not that some portion or all of the deferred tax assets will not be realized.

NYSE Euronext is subject to tax regulations in numerous domestic and foreign jurisdictions primarily based on its operations in these jurisdictions. Significant judgment is required in assessing the future tax consequences of events that have been recognized in NYSE Euronext s financial statements or tax returns. Fluctuations in the actual outcome of these future tax consequences could have a material impact on NYSE Euronext s financial position or results of operations.

Pension and Other Post-Retirement Employee Benefits

Pension and other post-retirement employee benefits costs and liabilities are dependent on assumptions used in calculating such amounts. These assumptions include discount rates to measure future obligation and interest expense, health care cost trend rates, benefits earned, interest cost, expected return on assets, mortality rates, and other factors. In accordance with U.S. GAAP, actual results that differ from the assumptions are accumulated and amortized over future periods and, therefore, generally affect recognized expense and the recorded obligation in future periods. While management believes that the assumptions used are appropriate, differences in actual experience or changes in assumptions may affect NYSE Euronext s pension and other post-retirement obligations and future expense.

Hedging Activities

NYSE Euronext uses derivative instruments to limit exposure to changes in foreign currency exchange rates and interest rates. NYSE Euronext accounts for derivatives pursuant to Derivatives and Hedging Topic of the FASB Accounting Standards Codification. The Derivatives and Hedging Topic establishes accounting and reporting standards for derivative instruments and requires that all derivatives be recorded at fair value on the statement of financial condition. Changes in the fair value of derivative financial instruments are either recognized in other comprehensive income or net income depending on whether the derivative is being used to hedge changes in cash flows or changes in fair value.

Recently Issued Accounting Guidance

The FASB issued ASU 2011-08, Testing Goodwill for Impairment, which amends certain provisions in Subtopic 350-20 in the Intangibles Goodwill and Other Topic of the Codification. The amendments in ASU 2011-08 provide changes to the goodwill impairment guidance that are intended to reduce the cost and complexity of the annual impairment test. The changes allow entities an option to perform a qualitative assessment to determine whether further impairment testing is necessary. The new qualitative indicators replace those currently used to determine whether an interim goodwill impairment test is required. In addition, the indicators will be applicable for assessing whether to perform step two for reporting units with zero or negative carrying amounts. These amendments will be effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. We do not believe that this will have a significant impact on our financial statements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

General

As a result of its operating and financing activities, NYSE Euronext is exposed to market risks such as interest rate risk, currency risk and credit risk. NYSE Euronext has implemented policies and procedures designed to measure, manage, monitor and report risk exposures, which are regularly reviewed by the appropriate management and supervisory bodies. NYSE Euronext s central treasury is charged with identifying risk exposures and monitoring and managing such risks on a daily basis. To the extent necessary and permitted by local regulation, NYSE Euronext s subsidiaries centralize their cash investments, report their risks and hedge their exposures with the central treasury. NYSE Euronext performs sensitivity analyses to determine the effects that market risk exposures may have.

NYSE Euronext uses derivative instruments solely to hedge financial risks related to its financial position or risks that are otherwise incurred in the normal course of its commercial activities. We do not use derivative instruments for speculative purposes.

Interest Rate Risk

Except for fixed rate bonds, most of NYSE Euronext s financial assets and liabilities are based on floating rates, on fixed rates with an outstanding maturity or reset date falling in less than one year or on fixed rates that have been swapped to floating rates via fixed-to-floating rate swaps. The following table summarizes NYSE Euronext s exposure to interest rate risk as of March 31, 2012 (in millions):

	Financial assets	Financial liabilities	Net Exposure	Impact(2) of a 100 bp adverse shift in interest rates(3)
Floating rate(1) positions in				
Dollar	$ 136	$ 12	$ 124	$ (1.25)
Euro	35	54	(19)	(0.2)
Sterling	200		200	(2.0)
Fixed rate positions in				
Dollar		750	(750)	(9)
Euro		1,325	(1,325)	(42)
Sterling				

(1) Includes floating rate, fixed rate with an outstanding maturity or reset date falling in less than one year and fixed rate swapped to floating rate.

(2) Impact on profit and loss for floating rate positions (cash flow risk) and on equity until realization in profit and loss for fixed rate positions (price risk).

(3) 100 basis points parallel shift of yield curve.

NYSE Euronext is exposed to price risk on its outstanding fixed rate positions. As of March 31, 2012, fixed rate positions in U.S. dollar and in euro with an outstanding maturity or reset date falling in more than one year amounted to $750 million and $1,325 million, respectively. A hypothetical shift of 1% in the U.S. dollar or in the euro interest rate curves would in the aggregate impact the fair value of these positions by $9 million and $42 million, respectively.

NYSE Euronext is exposed to cash flow risk on its floating rate positions. Because NYSE Euronext is a net lender in U.S. dollar and sterling, when interest rates in U.S. dollar or sterling decrease, NYSE Euronext s net interest and investment income decreases. Based on March 31, 2012 positions, a hypothetical 1% decrease in U.S. dollar or sterling rates would negatively impact annual income by $1.25 million and $2.0 million, respectively. Because NYSE Euronext is a net borrower in euro, when interest rates in euro increase, NYSE Euronext net interest and investment income decreases. Based on March 31, 2012 positions, a hypothetical 1% increase in euro rates would negatively impact annual income by $0.2 million.

Currency Risk

As an international group, NYSE Euronext is subject to currency translation risk. A significant part of NYSE Euronext s assets, liabilities, revenues and expenses is recorded in euro and sterling. Assets, liabilities, revenues and expenses of foreign subsidiaries are generally denominated in the local functional currency of such subsidiaries.

NYSE Euronext s exposure to foreign denominated earnings for the three months ended March 31, 2012 is presented by primary foreign currency in the following table (in millions, except average rates):

	Three months ended March 31, 2012	
	Euro	**Sterling**
Average rate in the period	$ 1.3113	$ 1.5713
Average rate in the same period one year before	$ 1.3680	$ 1.6016
Foreign denominated percentage of		
Revenues	17%	14%
Operating expenses	10%	15%
Operating income	52%	11%
Impact of the currency fluctuations (1) on		
Revenues	$ (7.2)	$ (2.6)
Operating expenses	(3.5)	(2.2)
Operating income	(3.7)	(0.4)

(1) Represents the impact of currency fluctuation for the three months ended March 31, 2012 compared to the same period in the prior year.

NYSE Euronext s exposure to net investment in foreign currencies is presented by primary foreign currencies in the table below (in millions):

	March 31, 2012	
	Position in euros	**Position in sterling**
Assets	3,923	£ 2,677
of which goodwill	1,063	1,073
Liabilities	2,007	383
of which borrowings	1,032	
Net currency position before hedging activities	1,916	£ 2,294
Impact of hedging activities	242	92
Net currency position	2,158	£ 2,386
Impact on consolidated equity of a 10% decrease in foreign currency exchange rates	$ (288)	$ (382)

At March 31, 2012, NYSE Euronext was exposed to net exposures in euro and sterling of 2.2 billion ($2.9 billion) and £2.4 billion ($3.8 billion), respectively. NYSE Euronext s borrowings in euro of 1.0 billion ($1.4 billion) constitute a partial hedge of NYSE Euronext s net investments in foreign entities. As of March 31, 2012, NYSE Euronext also had 242 million ($323 million) of euro/U.S. dollar and £92 million ($147 million) of sterling/U.S. dollar foreign exchange contracts outstanding. These contracts matured in April 2012. As of March 31, 2012, the fair value of these contracts was a $2 million liability.

Based on March 31, 2012 net currency positions, a hypothetical 10% decrease of euro against dollar would negatively impact NYSE Euronext s equity by $288 million and a hypothetical 10% decrease of sterling against dollar would negatively impact NYSE Euronext s equity by $382 million. For the three months ended March 31, 2012, currency exchange rate differences had a positive impact of $210 million on NYSE Euronext s consolidated equity.

Credit Risk

NYSE Euronext is exposed to credit risk in the event of a counterparty default. NYSE Euronext limits its exposure to credit risk by rigorously selecting the counterparties with which it makes investments and executes agreements. Credit risk is monitored by using exposure limits depending on ratings assigned by rating agencies as well as the nature and maturity of transactions. NYSE Euronext s investment objective is to invest in securities that preserve principal while maximizing yields, without significantly increasing risk. NYSE Euronext seeks to substantially mitigate credit risk associated with investments by ensuring that these financial assets are placed with governments, well-capitalized financial institutions and other creditworthy counterparties.

An ongoing review is performed to evaluate changes in the status of counterparties. In addition to the intrinsic creditworthiness of counterparties, NYSE Euronext s policies require diversification of counterparties (banks, financial institutions, bond issuers and funds) so as to avoid a concentration of risk. Derivatives are negotiated with highly rated banks.

Item 4. Controls and Procedures

As of the end of the period covered by this report, our management carried out an evaluation, under the supervision and with the participation of our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934). Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report. No significant changes were made during the quarterly period ended March 31, 2012 in our internal control over financial reporting or in other factors that have materially affected or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Legal Matters

See Item 1 Financial Statements Notes to the Condensed Consolidated Financial Statements Note 10 Commitments and Contingencies.

Item 1A. Risk Factors

For the three months ended March 31, 2012, there were no material changes from the Risk Factors as previously disclosed in Part I, Item 1A. of our Annual Report on Form 10-K for the year ended December 31, 2011, which disclosures are incorporated herein by reference, other than risks discussed below, which supplement the Risk Factors disclosed in such Annual Report.

Our business may be adversely affected by risks associated with clearing activities.

Our U.K.-regulated derivatives subsidiary, the London Market of NYSE Liffe (for the purposes of this risk factor, NYSE Liffe), took full responsibility for clearing activities in our U.K. derivatives market on July 30, 2009. As a result, NYSE Liffe became the central counterparty for contracts entered into by its clearing members on the NYSE Liffe market and outsourced certain services to LCH.Clearnet through the NYSE Liffe Clearing arrangement. NYSE Liffe has credit exposure to those clearing members. NYSE Liffe s clearing members may encounter economic difficulties as a result of the continuing market turmoil, which could result in bankruptcy and failure. NYSE Liffe offsets its credit exposure through arrangements with LCH.Clearnet in which LCH.Clearnet provides clearing guarantee backing and related risk functions to NYSE Liffe, and under which LCH.Clearnet is responsible for any defaulting member positions and for applying its resources to the resolution of such a default. In addition, NYSE Liffe maintains policies and procedures to help ensure that its clearing members can satisfy their obligations, including by requiring members to meet minimum capital and net worth requirements and to deposit collateral for their trading activity. Nevertheless, we cannot be sure that in extreme circumstances, LCH.Clearnet might not itself suffer difficulties, in which case these measures might not prove sufficient to protect NYSE Liffe from a default, or might fail to ensure that NYSE Liffe is not materially and adversely affected in the event of a significant default. See Item 1 Business Derivatives NYSE Liffe Clearing in the Form 10-K filed by NYSE Euronext for the year ended December 31, 2011.

We also entered into a joint venture with the DTCC to establish NYPC, which became operational in the first quarter of 2011. NYPC currently clears fixed income futures traded on NYSE Liffe US and will have the ability to provide clearing services for other exchanges and Derivatives Clearing Organizations in the future. We have agreed to make up to a $50 million financial guarantee as an additional contribution to the NYPC default fund and will face clearing risks similar to those we face with respect to NYSE Liffe Clearing.

We may also in the future expand our clearing operations to other markets and financial products, which would increase our exposure to these types of risks. For example, in May 2010, we announced plans to commence clearing our European securities and derivatives business through new, purpose-built clearing facilities, having given notice to terminate the current out-sourcing arrangements with LCH.Clearnet SA in Paris for European cash and Continental European derivatives clearing. Following the termination of the Proposed Business Combination, we reviewed our strategic options available for clearing and determined to re-launch the project to develop a full service derivatives clearing house in London (a Recognised Clearing House RCH , as defined by English Law) which had been put on hold in 2011. We recently announced that we expect the new RCH to be completed, licensed and operational by summer of 2013. The clearing of all of NYSE Liffe s London derivatives contracts will, subject to regulatory approvals and conclusion of arrangements with members, transition to the new RCH at that time and clearing for our derivatives business traded in Amsterdam, Brussels, Lisbon and Paris to be transferred to the new RCH early in the first quarter of 2014, subject to the conclusion of arrangements with members and regulatory approvals. With respect to European cash clearing, we have determined to agree to a new long term relationship with LCH.Clearnet SA in Paris. If we are unsuccessful in developing the new RCH or migrating business on the expected timetable or in a manner consistent with expectations, or unable to negotiate satisfactory contractual terms with LCH.Clearnet, our business, financial condition and operating results could be materially adversely affected.

Item 6. Exhibits

Exhibit No.	Description
31.1*	Certification of the principal executive officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
31.2*	Certification of the principal financial officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
32.1*	Certification of the principal executive officer and the principal financial officer pursuant to 18 U.S.C. Section 1350.
101.INS**	XBRL Report Instance Document
101.SCH**	XBRL Taxonomy Extension Schema Document
101.PRE**	XBRL Taxonomy Presentation Linkbase Document
101.CAL**	XBRL Taxonomy Calculation Linkbase Document
101.LAB**	XBRL Taxonomy Label Linkbase Document

* Furnished herewith.

** As provided in Rule 406T of Regulation S-T, this information is deemed furnished and not filed for purpose of Section 11 and 12 of Securities Act of 1933, as amended, and Section 18 of the Securities Exchange Act of 1934, as amended.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, NYSE Euronext has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized:

NYSE Euronext

Date: May 4, 2012

By: /s/ Michael Geltzeiler
Michael Geltzeiler
Group Executive Vice President and Chief

Financial Officer

NYSE Euronext